

PALASH SECURITIES LIMITED

CIN : U74120UP2015PLC069675

Regd. Office : P.O. - Hargaon, Dist. - Sitapur (U.P.) PIN - 261 121
Phone : (05862) 256220-221, E-mail : birlasugar@birla-sugar.com

PSEL/SE/2017-18/31

27th February, 2018

To,
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra- Kurla Complex, Bandra (E)
Mumbai 400 051
[Symbol : PALASHSECU]

Kind Attention: Ms Joyce Rodrigues

Sub: Reply to your letter number NSE/LIST/FR/4113 dated 8th February, 2018 received vide your email message of even date

Dear Madam,

This is with reference to the above and subsequent correspondence seeking clarification on non-submission of financial results in IND - AS format and non-submission of Reconciliation of Profit and Loss, we do hereby submit our response:

We have submitted the Unaudited Financial Results for the quarter ended 31.12.2017 as per Accounting Standards as notified under Companies (Accounting Standards) Rules, 2006 and as such, there is no requirement for tabulating the reconciliation statement.

We have also submitted the quarterly financial results for the quarters ended 30.06.2017 and 30.09.2017 as per Accounting Standards as notified under Companies (Accounting Standards) Rules, 2006.

Initially, we had submitted the June'2017 and September'2017 quarters' financial results as per Indian Accounting Standard ('Ind-AS') under the impression that though the Company is a Core Investment Company ('CIC') as per the latest audited financial results for the year 31.03.2017, it does not require registration with the Reserve Bank of India ('RBI').

As per the Circular dated 30th March, 2016, it has been clarified that Non-Banking Financial Companies ('NBFCs') including CIC cannot adopt Ind-AS voluntarily. Initially, it was interpreted that this covers only the CIC which are required to be registered with RBI. However, it has now been clarified to us by the Auditor as well as the consultants that irrespective of whether a CIC is registered with RBI or not, Ind-AS cannot be applied even for an unregistered CIC. Accordingly, results for this quarter along with those of the previous two quarters have been submitted / re-submitted to your office.

Further, we would like to state that as per Indian Accounting Standard (IND-AS) 32 (Financial Liability and Equity) Preference Shares even though part of Share Capital are classified as Liability instead of Equity with the objective to depict economic substance of instruments and not mere legal form. Accordingly, any return *viz* dividend payable on these Preference Shares under IND-AS has to be charged to Profit & Loss Account.

Therefore, the loss for the first quarter ended 30.06.2017 calculated under IND AS is Rs. 3.32 lacs more than the loss calculated under Accounting Standard of Companies (Accounting Standards) Rules, 2006. Similarly, the loss for the second quarter ended 30.09.2017 calculated under IND AS is Rs. 3.33 lacs more than the loss calculated under Accounting Standard of Companies (Accounting Standards) Rules, 2006.

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The difference in the profit/loss between Unaudited Financial Result prepared under IND-AS and under Accounting Standard of Companies (Accounting Standards) Rules, 2006 for the aforesaid quarters would have impact on profitability on such account as return/dividend payable on Preference Shares, recognized as Financial Cost under IND-AS result submitted with you. However, the Earning Per Share for the first quarter ended 30.06.2017 and second quarter ended 30.09.2017 as calculated under IND-AS as well as under Accounting Standard of Companies (Accounting Standards) Rules, 2006 remains the same.

Hope this clarification suffices your queries and should you need any further clarification in this regard, we shall be glad to provide you with the same.

Thanking you

Yours faithfully,

For Palash Securities Limited


Mayuri Raja
Company Secretary
ACS 26022

